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SUBJECT: GERMANY SEEKS TO EXPAND ITS SUBSTANTIAL ASSISTANCE TO BRAZIL  
ON CLIMATE CHANGE AND COMBATING DEFORESTATION

REF: A) BRASILIA 1377, B) BRASILIA 1159

11. (U) THIS CABLE IS SENSITIVE BUT UNCLASSIFIED AND NOT FOR  
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12. (SBU) SUMMARY. Germany has long been the leading contributor of  
financial and technical assistance to Brazil on deforestation and  
climate change. It is looking to expand its substantial program of  
technical assistance at the national and state levels with  
deforestation, and it also plans to increase its financial  
assistance with over 100 million Euros on climate change and  
renewable energy projects. END SUMMARY.

LONG THE LEADING CONTRIBUTOR

13. (SBU) Germany has long played the leading role in the  
international effort on conserving the Amazon forest. It was a  
major contributor to the G-7's Pilot Program to Conserve the  
Brazilian Rainforest (PPG7), which was created by the Group of 7 in  
1992 and is now winding up. According to Dr. Michael Grewe,  
Counselor for Technical and Financial Assistance of the German  
Embassy in Brasilia, the German assistance agency KfW as of  
September 2008 had contributed approximately 360 million Euros on  
sustainable forestry activities, protection of indigenous  
reservations, and land use planning and regulation. (REFTEL A)  
Further, Jen Ochtrop, the German Development Bank's (KfW) Brazil  
Director of Programs for the Management of Natural Resources in an  
October 14 briefing for Embassy Science Officers outlined ambitious  
plans for future financial assistance. At that same briefing, the  
Dr. Helmut Eger, the Director of the German Technical Assistance  
Agency's (GTZ) Program for the Protection and Sustainable Management  
of Tropical Forests, described expanding an already impressive  
technical assistance program.

14. (SBU) Germany would still be the leading contributor to Brazil  
in this area if Norway had not announced in September a one billion  
dollar pledge to the Amazonas Fund (REFTEL B). Germany is still  
studying that fund and has not decided whether it will also  
contribute or not. During the October meeting, Grewe and Ochtrop  
expressed concerns over the lack of controls and transparency

15. (SBU) Germany has established partnerships with the Ministry of  
the Environment, FUNAI (the Brazilian Indian Aid Agency), the  
Ministry of Agricultural, and the State of Amazonas. GTZ and KfW  
efforts focus on reducing deforestation and promoting sustainable  
development in the states of Amazonas and Acre. While Germany is  
looking to expand its impressive environmental efforts, it is no  
longer working with Brazil on projects to combat poverty. Grewe  
explained that this is because Germany has determined that Brazil,  
now a middle income country, has sufficient economic resources to  
carry out such activities on its own.

AMBITIOUS PLANS FOR THE FUTURE

¶16. (SBU) According to Ochtrop (KfW) and Egger (GTZ), Germany's priority areas for Brazilian cooperation are: forest conservation and sustainable use; renewable energy and energy efficiency; sustainable development of natural resources with a focus on protected areas; demarcation and protection of indigenous lands; and land use planning and regional development. Germany is also working on capacity building with IBAMA (the Brazilian Institute of Environment and Renewable Natural Resources), the Chico Mendes Institute (which manages conservation areas), and the Brazilian Forest Service in the areas of knowledge management and capacity development. The majority of their capacity development work takes place in the State of Amazonas.

¶17. (SBU) Germany is heavily involved in projects with the Amazonas State Environmental Secretariat as well as other state government institutions in the states of Amazonas and Acre. Much of this activity has occurred since July 2008. Germany participates in land management projects such as the formalizing of land titles and ownership records. The Germans are looking for ways to support the introduction of programs for Reducing Emissions from Deforestation and Forest Degradation (REDD), especially in Amazonas State.

#### CLIMATE CHANGE

¶18. (SBU) KfW has started a new climate protection initiative that originated in the German environmental ministry. The German government has allocated approximately 400 million Euros for international climate change projects, which will come from the auction of emission rights under a carbon trading scheme. Of this total, 120 million Euros have been set aside for the initial round of projects, and 20 million Euros are being designated specifically

BRASILIA 00001565 002 OF 002

for use in Brazil.

¶19. (SBU) Over the last two years the Germany has spent approximately 92 million Euros for climate related project. In regard to clean energy projects, Grewe told Science Officers that Germany plans to spend about 100 million Euros on wind energy in Brazil and 89 million Euros on a hydroelectric project. These will be implemented through the electric utilities Electrosul and Electrobras.

#### COMMENT

¶10. (SBU) Germany shares many of the USG's concerns and interests regarding deforestation and climate change in Brazil. Germany has brought substantial financial and technical resources to help address these problems, and it plans to expand these efforts. Coordination of USG efforts with Germany and other contributors could offer opportunities to leverage our limited technical and financial resources in these critical areas. END COMMENT.

KUBISKE